

Banque du Nord

For their Free World business, the USSR and its Satellites use a commercial bank in Paris, the Banque Commerciale pour l'Europe du Nord (BCEN). More than 90 percent of the outstanding stock of the BCEN is owned by Gosbank, Moscow. This bank often serves as agent for effecting sales of Soviet gold in London and on the continent, and is the instrument through which credits in foreign exchange are transferred to the Satellite countries. It also maintains a widespread system of correspondent relationships with banking institutions throughout Europe and the Western Hemisphere, and is one of the principle means for the financing of Soviet and Bloc trade (both legal and illegal) with the West. In addition, the BCEN finances the USSR Commercial Mission in France, the Soviet Intelligence Service in France and reputedly, the French Communist Party.

Most countries of the Sino-Soviet Bloc maintain accounts at the BCEN, the most prominent among them being the USSR, Hungary and Poland. During the Hungarian insurrection in October 1956 when the National Bank of Hungary was completely paralyzed and unable to effect international payments, all maturing Hungarian commitments in Western countries were paid by the BCEN. These payments were made principally with Soviet holdings of foreign exchange at the BCEN, although China and Poland had also transferred to Hungary's account at BCEN undisclosed quantities of foreign exchange.

Repeated reports of the Bank's imminent bankruptcy during 1956-57 (it is generally known that its reserves had reached dangerously low levels at that time) seem exaggerated. The USSR can strengthen the financial position of the BCEN by selling gold for sterling or dollars and depositing the proceeds there, as apparently it did in 1956-57. Available data on the BCEN's financial position follow:

	<u>Capital</u> <u>(in million French Francs)</u>	<u>Par Value</u> <u>(in thousand French Francs)</u>	<u>Dividends</u> <u>(% of par value)</u>
1952	50	<u>n a</u>	80
1953	200	<u>n a</u>	40
1954	200	2	50
1955	300	3	13
1956	500	5	33
1957	750	7.5	<u>n a</u>